

war, between the Federation of British Industries and the German Reichs Industrie group. In 1939, representatives of these two monopolies issued a joint statement in Dusseldorf which said in part that the purpose of the agreement was "to secure the fullest possible cooperation between the industrial systems of their respective countries." And this took place at a time when Hitler Germany had swallowed Czechoslovakia! No wonder that the London magazine *Economist* wrote in this connection: "Is there not something in the Dusseldorf air that makes reasonable men lose their senses?"¹

The well known Schroder Bank in which a leading part was played by the German steel trust Vereinigte Stahlwerke, which was organized by Stinnes, Thyssen and other captains of Ruhr industry and had its headquarters in New York and London, furnishes a typical example of the close interweaving of American and German as well as British capital. Allen Dulles, director of Schroder Banking Corporation in New York, which represented the Schroder interests in London, Cologne and Hamburg, played a leading role in the affairs of this bank. The well-known Sullivan & Cromwell law firm headed by John Foster Dulles, now Mr. Marshall's chief adviser and closely connected with Rockefeller's world oil trust, Standard Oil, as well as with the Chase National Bank, the most powerful bank in America which made enormous investments in German industry, played the leading role in the New York headquarters of the Schroder Bank. In his book which appeared in New York in 1947, Richard Sasuly stresses the fact that no sooner had inflation been checked in Germany in the post-Versailles period and the reichsmark had gained strength than a torrent of foreign loans rushed into Germany. Between 1924 and 1930 Germany's foreign debt increased by more than thirty billion reichsmarks. With the help of foreign, chiefly American, capital, German industry, especially the Vereinigte Stahlwerke (a German firm), was extensively reconstructed and modernized. Some loans were granted directly to companies which played a leading part in rearmament.²

¹ Corwin D. Edwards, *Economic and Political Aspects of International Cartels*, 1944.

² Richard Sasuly, *I. G. Farben, Boni and Gaer*, New York, 1947, p. 80.

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After everything had been sewn up, a public indiscretion threatened to rip it open again. Representative Elmer J. Holland of Pennsylvania made a speech about the episode on the floor of Congress on August 31 which was carried far and wide by news stories. He was castigating the *Tribune's* "unthinking and wicked misuse of freedom of the press." "American boys will die, Mr. Speaker, because of the help furnished our enemies" by the *Tribune*, he declaimed. But in stating what this help was, he disclosed what the *Tribune* had not and trumpeted loud and clear what everyone was trying to hush up: "that somehow our Navy had secured and broken the secret code of the Japanese Navy."

Fortunately, the Japanese missed that one too.

Potentially the most explosive situation stewed in the cauldron of national politics in the late summer of 1944. Republicans were preparing to run Thomas E. Dewey for President. High among their issues was the charge that inexcusable administration laxity had permitted the Japanese attack at Pearl Harbor to succeed so cruelly; there were even hints that President Roosevelt had deliberately invited the attack to get the country into "his" war over strong isolationist sentiment. Buttressing the charge was the knowledge, circulating secretly among many high officials, that the United States had cracked Japanese codes before Pearl Harbor. From this, many Republicans concluded that the decrypted messages had warned Roosevelt of Pearl Harbor and that he, with criminal negligence, had done nothing about it. This was false, but evidence to the contrary was not available and many men believed it.

As the campaign warmed up, bits and hints about MAGIC began to appear in political speeches. Representative Forest A. Harness of Indiana, for example, told the House on September 11 that "the Government had learned very confidentially that instructions were sent out from the Japanese Government to all Japanese emissaries in this hemisphere to destroy the codes." The chief of Army intelligence, Brigadier General Clayton L. Bissell, reported these incidents to Marshall, who saw the danger of further revelations in the heat of contention for the greatest office of all. Bissell suggested that Marshall go to the President for help in squelching the talk. Marshall didn't think that would do, and slept on it. Next morning he dictated a three-page, single-spaced letter to the Republican candidate pointing out the extreme danger of disclosing the MAGIC information. Because he felt that the success of his appeal depended on Dewey's conviction that it was nonpolitical, he did not discuss the matter with either the President or the Secretary of War, and he began his letter, "I am writing you without the knowledge of any other person except Admiral King (who concurs)."

An Army security officer, tall, slim Colonel Carter W. Clarke, flew out West in a B-25 bomber to deliver the letter to Dewey, who had just given his first campaign speech devoted entirely to an attack upon the national administration. Clarke gave the sealed letter to Dewey on the afternoon of September 26 in a hotel in Tulsa, Oklahoma. Under "Top Secret" and "For Mr. Dewey's

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